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Message Text

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ACTION AID-59

INFO OCT-01 ADP-00 EB-05 IGA-02 INR-09 INRE-00 L-03 SS-07

M-01 A-01 /088 W
---------- 058921
P 292109 Z MAR 73
FM AMEMBASSY QUITO
TO SECSTATE WASHDC PRIORITY 7008

C O N F I D E N T I A L SECTION 1 OF 2 QUITO 1628

AIDAC

E. O. 11652: GDS
SUBJECT: ECUADOR CASP: FURTHER AID COMMENTS

REFERENCE: (1) QUITO 1449; (2) STATE 49056

SUMMARY: AS INDICATED HEREIN USAID NOT IN FULL CONCURRENCE REFTEL (1). PARAGRAPH 1 AND 2 DEAL WITH REFTEL (2), PARA 9 PERSONNEL ISSUE. REMAINDER COMMENTS ON REFTEL (1).

1. WE AWARE OF NO OBJECTIVE EVIDENCE THAT PRESENT USG PERSONNEL LEVELS ARE OBJECTINABLE TO THE GOE OR TO THE ECUADOREAN PUBLIC. WITH FEW EXCEPTIONS, AMERICANS IN ECUADOR ARE NOT PARTICULARLY DISTINGUISHABLE FROM ECUADOREANS OF SIMILAR CLASS IN LOOKS, STYLE OF LIFE, CAR, HOUSE, SHOPPING HABITS OR ENTERTAINMENT TASTES. AMERICANS ARE NOT SINGLED OUT AS TARGETS OF CRIME, VIOLENCE OR HARASSMENT. THE SIZE OF THE AMERICAN PRESENCE IS NOT AN ISSUE IN THE PRESS NOR IN WHAT LITTLE POLITICAL ACTIVITY THAT TAKES PLACE HERE. SINCE DUTY- FREE IMPORT REGULATIONS ARE SCRUPULOUSLY OBSERVED, THESE PRIVILEGES ARE NOT AN ISSUE. USAID DOES NOT HAVE LARGE NUMBERS OF PERSONNEL IN ANY OF THE INSTITUTIONS WITH WHICH WE WORK NOR DO WE PLAY VISIBLE ROLES THEREIN. ECUADOREAN HOSTILITY TOWARD THE U. S. IS AN IMPERSONAL HOSTILITY THAT ALMOST ALWAYS DERIVES FROM THE FISHING ISSUE AND RELATED SANCTIONS. IF THE GOE CHOOSES TO MAKE AN ISSUE OF AMERICAN PRESENCE IN ECUADOR, ANY NUMBER NO MATTER

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HOW SMALL IS APT TO BE TOO MANY. IF THE AID MISSION IS ASKED TO LEAVE IT WILL BE FOR REASONS OTHER THAN ITS SIZE, AND REDUCTION IN SIZE WILL HAVE LITTLE OR NO EFFECT ON THE DECISION.

2. IN THE ABSENCE OF OBJECTIVE EVIDENCE THAT USG PERSONNEL LEVELS ARE OBJECTIONABLE PER SE, WE KNOW OF NO WAY TO JUDGE IMPACT OF PERSONNEL LEVELS EXCEPT BY USING CRITERIA OF PROGRAM NEEDS. USAID/ E IS OF THE OPINION THAT WE CURRENTLY ARE NOT OVER- STAFFED BY THAT CRITERIA. NEITHER DO WE FORESEE SIGNIFICANT PERSONNEL DECLINES DURING THE CASP PERIOD EVEN IF WE ARE RESTRICTED TO IMPLEMENTING THE NINE CURRENTLY ACTIVE LOANS AND CONTINUING PRESENT TC ACTIVITIES. THEREFORE BELIEVE CUTS RECOMMENDED IN PARA 11 NOT BE ACCEPTED AS THEY REDUCE PERSONNEL TO LEVELS BELOW THOSE NEEDED TO IMPLEMENT EXISTING PROGRAMS EVEN IF NO NEW LOANS ARE GRANTED. WE WILL OF COURSE CONTINUE TO LOOK FOR WAYS TO MINIMIZE STAFF WHERE POSSIBLE IN LIGHT OF PROGRAM IMPLEMENTATION AND SOUND MANAGEMENT NEEDS AS WELL AS AID/ W' S REPORTING AND DOCUMENTATION REQUIREMENTS.

3. THE FACT THAT ECUADOR IS ONE OF THE MORE UNDEVELOPED COUNTRIES AND HENCE BY DEFINITION AND CAPABILITY NOT AS COMMITTED TO DEVELOPMENT AS ARE THE MORE ADVANCED COUNTRIES IS NOT SUFFICIENT REASON FOR NOT PROVIDING ECONOMIC AND TECHNICAL ASSISTANCE. IN FACT THEY NEED IT MORE. LACK OF COMMITMENT TO DEVELOPMENT IS LESS A QUESTION OF WILL THAN ONE OF KNOW HOW AND ORGANIZATION. PRESENT REGIME HAS JUST PROMULGATED AN AMBITIOUS FIVE YEAR PLAN. WHILE LACKING IN SOME RESPECTS THIS DOCUMENT IS A FIRM INDICATION OF COMMITMENT. FACT THAT ECUADOR DEVOTES 26 PERCENT OF ITS BUDGET TO EDUCATION TENDS TO NEGATE CHARGE OF NO COMMITMENT. IMPROVED AVAILABILITY OF COUNTERPART AND MORE PROMPT ACTION AND DECISION MAKING ARE ADDITIONAL INDICATIONS PRESENT GOVERNMENT ARE INCREASING THEIR COMMITMENT.

4. THE FACT THAT USAID/ E IS A HOSTAGE TO FISHING ISSUE IS SYMPTOMATIC OF OUR RELATIONS WITH ECUADOR. THE PEACE CORPS, NASA, COOPERATION IN NARCOTICS CONTROL, U. S. PETROLEUM INVESTMENTS OR EVEN THE EXISTENCE OF

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DIPLOMATIC RELATIONS WITH ECUADOR ALL ARE OR CAN BE-
COME HOSTAGES TO THE INABILITY TO DATE TO RESOLVE THE
FISHING ISSUE. IN KEEPING WITH OUR CONSISTENT PRO-
NOUNCEMENTS THAT OUR ASSISTANCE HAS HUMANITARIAN VALUE
AND THAT IT IS GOOD BUSINESS AND GOOD POLITICS FOR
THE ENTIRE REGION TO DEVELOP, WE SHOULD ATTEMPT, IF
POSSIBLE, TO SEPARATE AID FROM THE FISHERIES DISPUTE
RATHER THAN LINK THEM EVEN MORE CLOSELY BY TAKING
ACTION TO FURTHER REDUCE AID.

5. USAID PROGRAMS DURING THE CASP TIME FRAME ARE NOT
UNDULY HAMPERED BY THE LACK OF ACCESS TO NEW AID
CAPITAL RESOURCES. WE HAVE $24 MILLION IN UNDISBURSED
LOAN FUNDS SOME OF WHICH ARE NOT SCHEDULED FOR DIS-
BURSEMENT UNTIL THE END OF THE CASP PERIOD. CERTAIN
TC ACTIVITIES, POPULATION, NUTRITION AND PUBLIC SAFETY
INCLUDING NARCOTICS ARE NOT TIED TO THE AVAILABILITY OF
LOAN FUNDS. CERTAIN OTHER TC ACTIVITIES MAY BE RELATED
TO LOAN FUNDS PROVIDED BY OTHER DONORS (E. G. AGRICULTURE
AND EDUCATION SECTOR STUDIES).
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ACTION AID-59

INFO OCT-01 ADP-00 EB-05 IGA-02 INR-09 INRE-00 L-03 SS-07

M-01 A-01 /088 W
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C O N F I D E N T I A L SECTION 2 OF 2 QUITO 1628

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6. THE EXISTENCE OF OIL REVENUES DOES NOT OBVIATE THE
NEED FOR AID ECONOMIC OR TC ASSISTANCE. OIL REVENUES
TO THE GOE THROUGHOUT THE CASP TIME PERIOD ARE ESTIMATED
AT $120 MILLION ANNUALLY. EVEN TO APPROACH FULL EMPLOY-
MENT, 80,000 JOBS NEED TO BE GENERATED ANNUALLY, REQUIR-
ING OVER $300 MILLION IN INVESTMENT, OR FOUR TIMES THE

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PRE- OIL RATE ACTUALLY OBSERVED. SPREADING ELECTRICITY UTILITY SERVICE FROM 38 PERCENT TO 45 PERCENT OF THE POPULATION REQUIRES $46 MILLION IN INVESTMENT ANNUALLY FOR THE NEXT FIVE YEARS. THE PRESENT HOUSING DEFICIT IN QUITO AND GUAYAQUIL ALONE IS OVER 200,000 UNITS WHICH COST $400 MILLION USING MINIMUM SHELTER TECHNIQUES AT A PRICE OF $2,000 EACH. GETTING ALL CHILDREN TO PRIMARY SCHOOL REQUIRES OVER 9,000 NEW PRIMARY SCHOOL-ROOMS AND 10,000 NEW TEACHING POSITIONS BY 1977, AT AN AVERAGE ANNUAL COST OF $16 MILLION. MORE IS NEEDED FOR OTHER SCHOOL LEVELS. TO INCREASE ACCESS TO HEALTH SERVICES INVESTMENT OF $65 MILLION IN FACILITIES IS PLANNED FOR 73-77 WITH CONSEQUENTLY MUCH GREATER REQUIREMENTS FOR CURRENT COSTS OF STAFF AND MEDICINES. THE NEEDS FOR AGRICULTURE SECTOR CREDIT ARE UNQUANTIFIED BUT LARGE. SECONDLY, THE EXISTENCE OF OIL REVENUES MEANS THAT THE GOE TO A GREATER THAN EVER BEFORE EXTENT HAS THE COUNTERPART TO IMPLEMENT THE PROGRAMS. FAILURE TO PROVIDE COUNTERPART WAS PREVIOUSLY ONE OF THE MAJOR FACTORS DELAYING IMPLEMENTATION OF THE PROGRAM.

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7. GIVEN THE ABOVE FACTORS THE NEED FOR A BILATERAL PROGRAM IN ECUADOR REMAINS IF PROGRESS IS TO BE MADE TOWARD ACHIEVING ECONOMIC AND SOCIAL DEVELOPMENT GOALS. THE MULTINATIONAL LENDERS AND DONORS WHILE CURRENTLY ACHIEVING MORE IN TERMS OF RESOURCE TRANSFER ARE NOT YET IN THE INSTITUTION BUILDING BUSINESS - CERTAINLY NOT AT THE INNOVATIVE FORMATIVE STAGES. THEY DO PROVIDE RESOURCES TO INSTITUTIONS ONCE UNDERWAY. LOOKING BACK OVER USAID/ E' S RECORD OR EXAMINING CURRENT PROGRAMS FULLY BEARS THIS OUT. USAID/ E HAS PREVIOUSLY COMMENTED ON WHAT WE BELIEVE ARE THE SHORTCOMINGS OF PREVIOUS DRAFTS OF THE GAO REPORT AND IS PREPARING COMMENTS ON THE FINAL EDITION OF A REVIEW CONDUCTED FOR THE MOST PART SEVERAL YEARS AGO.
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